



**MINUTES OF THE
TEXAS MUNICIPAL RETIREMENT SYSTEM
Meeting of the Advisory Committee on Benefit Design
of the Board of Trustees**

September 16, 2020 – 1:00 p.m.

The Advisory Committee on Benefit Design (Committee) of the Board of Trustees (Board) of the Texas Municipal Retirement System (TMRS) convened for a meeting at 1:00 p.m. at TMRS Headquarters, located at 1200 North IH 35 in Austin, Texas with the following TMRS Trustees and Committee members present, all via Zoom: David Landis, Trustee and Committee Chair; Jesús Garza, Trustee and Committee Vice-Chair; Bonita Hall, Texas Municipal Human Resource Association (TMHRA); Paulette Hartman, Texas City Management Association (TCMA); Mitch Landry, Texas Municipal Police Association (TMPA); Scott Leeton, Combined Law Enforcement Association of Texas (CLEAT); Julie Masters, Mayor, City of Dickinson, Elected member; David Riggs, Texas State Association of Fire Fighters (TSAFF); J.J. Rocha, Texas Municipal League (TML); Casey Srader, Government Finance Officers Association of Texas (GFOAT); and Barry Sullivan, City of Gainesville, Active Member.

Staff present included: David Wescoe, Executive Director, Eric Davis, Chief Services Officer, Christine Sweeney, Chief Legal Officer, T.J. Carlson, Chief Investment Officer, Debbie Muñoz, Director of Member Services, Anthony Mills, Director of City Services, Dan Wattles, Director of Governmental Relations, Leslee Hardy, Director of Actuarial Services, Michelle Mellon-Werch, Assistant General Counsel, Chris Gillis, Network/Systems Administrator.

Mr. Landis called the meeting to order at 1:00 p.m.

1. Welcome and Introductions

Mr. Landis and Mr. Garza welcomed the Committee members and guests.

2. Overview of Committee Charter

Eric Davis reviewed the members of the Committee and who they represent. He then reviewed the Charter. He introduced David Wescoe to give an update on TMRS.

3. TMRS Operational Update

David Wescoe welcomed the Committee and thanked the Chair and Vice Chair for their leadership on the Board and the Committee. He discussed his goal for making TMRS the “Nyquist” of the U.S. pension world. He stated he is eager to hear the feedback and input from the Committee and thanked the Committee members for their service.

Ms. Munoz gave an overview of the Pension Administration System Modernization (PASMod) project, including the overall goals and deliverables. She explained that staff is working on three projects: the City Contribution System; payroll and pension processing; and TMRS Direct Initiatives. Ms. Munoz also described current updates to the MyTMRS online capabilities and other improvements to improve online services.

Mr. Carlson reviewed the investment asset allocation targets and explained the information on the investment summary staff prepares for the Board. He also described TMRS’ investment expectations, assumptions and actual performance.

4. Current Legislative Challenges

Mr. Wattles discussed the 2021 Legislative Session and the factors facing the Texas Legislature. Mr. Wattles discussed the uncertainty the COVID-19 pandemic is adding to the processes and procedures at the Capitol.

5. Potential Benefit Design Proposal: Cost of Living Adjustment

Mr. Davis explained that the Board has tasked the Committee with considering two benefit design proposals. The first would be a new cost of living adjustment (COLA) option available to participating cities. Mr. Davis explained how the current COLA options work and reviewed the statistics regarding how many participating cities currently have a COLA and how many TMRS retirees are affected. He then explained how the COLA feature affects the contribution rates for a city. Mr. Davis and Ms. Hardy answered questions from the Committee members.

Mr. Davis then asked for feedback and the Committee members discussed the advantages and disadvantages they see with the proposal.

6. Potential Benefit Design Proposal: Return to Work

The second proposal would be to alter the current return to work provisions of the TMRS Act. Mr. Davis described the proposal to not suspend a retiree’s annuity if the retiree returns to work for the TMRS participating city from which they retired after at least a one-year break in service. He reviewed the current return to work provisions and discussed the number of retirees that have returned to work. Mr. Davis asked for

feedback from the Committee on the advantages and disadvantages. Staff responded to questions from the Committee.

7. Committee Feedback

The Committee asked if the Board would discuss gain sharing (excess earnings), benchmarks, and mortality rates of public safety officers/first responders. Ms. Hardy explained that the TMRS experience study conducted in 2019 did look at the port-retirement mortality assumptions for TMRS retirees and that, due to the size of TMRS' data base, TMRS uses a custom mortality table based on TMRS actual data. Large studies for CalPERS and New York City found that firefighters had longer life expectancies than the general population. Police officer longevity was about the same as the general population.

Mr. Landis thanked staff and the Committee for their work and participation. Mr. Garza welcomed additional feedback and thanked the Committee. Mr. Wescoe stated that he always welcomes feedback from the Committee members.

8. Adjourn

Mr. Landis adjourned the meeting at 2:55 p.m.



David B. Wescoe
Executive Director



Jesus Garza
Chair of Advisory Committee on
Benefit Design